



JUL 3 2006

ITA ACCOUNTING MEMORANDUM 2006 – 13

MEMORANDUM FOR : International Trade Administration/Commercial Services
FROM : Leslie Hyland, Director of Accounting and Financial Systems
SUBJECT : Pilot Project for Off-Site Foreign Currency Fee Collection Processing for the International Business Partnership Program

ITA/Commercial Service (CS) Cairo implemented a process for collecting fees for listing regional business service providers under the International Business Partnership program on its website. Under this process, all local currency collections are made through a United States Disbursing Officer (USDO) designated bank. Potential clients are advised that all local currency payments should be made to the bank and not CS Cairo.

CS Nairobi has expressed interest in establishing a similar process for Kenya and the surrounding region and wishes to draw upon the experience of CS Cairo to the greatest extent possible.

CS Nairobi is authorized to initiate a **one-year** pilot project for off-site foreign currency collection processing for the International Business Partnership Program in accordance with the procedures that follow.

General Approach

- Close coordination among the servicing USDO, the Department of State Financial Management Center (FMC), and the ITA Director of Accounting and Financial Systems is needed.
- All local currency collections will be through a bank, preferably a bank that maintains a partnership with the USDO, in the interest of customer convenience. Potential clients will be advised that all payments should be made to the designated bank and not to CS Nairobi.
- A Participation Agreement will be prepared for each client.
- No refunds will be allowed.



- Local currency collections will be processed via off-site collection procedures, discussed later.
- All collections in US dollars will be through an Embassy Class B cashier (see Attachment)

Specific Procedures

Establishing an Account

- USDO and FMC will work with the current USDO bank to establish a separate sweep account and to use the USDO operating account for the acceptance of deposits of fees in local currency. CS Nairobi will have no operational control or access to the account. The person/s signing the sweep account forms cannot withdraw funds from the sweep account and cannot be held liable for any loss of funds in the sweep account.
- The bank will print special pre-numbered receipts for deposits of fees in local currency, providing a copy to the customer to present to CS Nairobi as proof of payment.
- Bank charges for the preprinted receipts and individual transactions will be borne by CS Nairobi.

Accounting and Reporting

- The bank will provide the post FMC with a weekly report of fee collections.
- The bank will transfer each week's collections in their entirety into the USDO operating account on the next business day after the end of the week. The bank shall be responsible in all circumstances for the funds collected on behalf of the U.S. Government and in the sweep account (prior to depositing the funds into the USDO operating account). There shall be only one deposit weekly into the USDO operating account equal to the prior week's total fees collected.
- Based on the sweep, FMC will issue a weekly Optional Form (OF) 158 General Receipt for the amount of the local currency total, with US dollar value. The OF 158 will show the fiscal account to be credited. For CS Nairobi, the OF 158 requires the following accounting code **(to be provided)**.
- The Department of State will report on its accounting for the ITA fees collected using the 1221 process.

- At the end of the month, CS Nairobi will provide FMC/FMO with a report of daily transactions showing:
 - Receipt number
 - Company name
 - Date of payment
 - Subscription end date
 - Amount

Individual receipts received from customers will be bundled and included with the report.

Reconciliations

- Monthly, FMC will reconcile CS Nairobi's report of daily transactions to (1) the bank's report of cash collections and (2) collections for the period from the Class B cashier. (see Attachment).
- Every month, FMC will send (1) its reconciliation of daily transactions to cash collections, (2) the bank's monthly report of fee collections and/or (3) the bank's monthly debit statement, and (4) the OF 158s to CS Nairobi for further forwarding to Accounting and Financial Systems, ITA Office of Financial Management, Attn: Roxanna Allen, Room 4112, HCHB.
- ITA Accounting and Financial Systems, will review the FMC reconciliation of daily transactions to cash collections and will reconcile:
 - the bank's monthly report of cash collections to the bank's monthly debit statement.
 - the monthly debit statement to the OF 158s.
- Accounting and Financial Systems will provide a copy of its monthly reconciliation to FMC, CS Nairobi and CS Headquarters.

Attachment

Cleared: _____

Jim Donahue, Acting Chief Financial Officer

U.S. Currency Fee Collection Processing

Background

- While all local currency collections will be through a designated bank, all collections in US dollars will be through an Embassy Class B cashier.

Procedures

- When a fee is collected, the Department of State cashiers system will generate a numbered OF 158 that will serve as customer receipt. The OF 158 will include the complete accounting code (to be provided).
- Daily, Embassy Class B cashier will provide FMC with a report of deposits of fees to enable FMC to reconcile CS Nairobi's report of daily transactions (see Reconciliations, above).